

COMPARISON between Deferred Compensation and Tax Deferred Annuities (TDAs)

1. LOAN PROVISIONS.

- **Deferred Comp:** Loans are permitted.
- **TDA:** Loans are permitted.

2. ROLLOVERS.

- **Deferred Comp:** Rollovers to and from IRAs, 401(k)s, 403(b)s and other 457 plans allowed.
- **TDA:** Rollovers to and from IRAs, 401(k)s, 457s and other 403(b) plans allowed.

3. MAXIMUM EXCLUSIONS.

- **Deferred Comp:** 100% of salary to a maximum of \$13,000 per year. If you are age 50 or over you may contribute an additional \$3,000 per year, for a total of \$16,000. During your last three taxable years ending prior to your Normal Retirement Age you may contribute an additional \$13,000 for a total of \$26,000 per year (if you elect to contribute the additional \$13,000 you may not contribute the \$3,000 for age 50+.).
- **TDA:** 100% of salary to a maximum of \$13,000. If you are age 50 or over you may contribute an additional \$3,000 for a total of \$16,000. **Employees with 15 or more years of service** may be eligible to make excess contributions over the \$13,000 annual maximum until the total of such lifetime excess

contributions equals \$15,000. As an example, an employee eligible to make excess contributions who contributes \$16,000 per year (\$3,000 excess per year over the normal \$13,000 maximum) could do so only for 5 years (5 x \$3,000 excess per year equals the \$15,000 lifetime maximum for excess contributions). Eligibility to contribute this additional amount is based on factors including length of service and amount of prior contributions; a special calculation must be done to determine eligibility. If eligible for this additional amount, and age 50+, you could potentially contribute \$19,000 per year (\$13,000 plus \$3,000 plus \$3,000.)

4.CHANGING CONTRIBUTIONS.

- **Deferred Comp:** May make adjustments to amounts contributed on a bi-weekly basis.
- **TDA:** May make adjustments to amounts contributed on a bi-weekly basis.

5.Early Withdrawal Penalties.

- **Deferred Comp:** After separation from service, there are no early withdrawal penalties other than, of course, the tax liability associated with the derived income.
- **TDA:** There is, with few "emergency" exceptions, a penalty for early withdrawal before attaining age 59 1/2 of 10% of the early distribution amount. The penalty does not apply to withdrawal at age 55 or older if you separate from service in the year you reach age 55, or later.

6. **COMBINED PARTICIPATION.** You may participate in both a TDA and a Deferred Comp program in the same tax year, to the limits allowed by law.